

VZCZCXRO8237  
PP RUEHTRO  
DE RUEHAS #0366/01 1030935  
ZNY CCCCC ZZH  
P 130935Z APR 09  
FM AMEMBASSY ALGIERS  
TO RUEHC/SECSTATE WASHDC PRIORITY 7333  
INFO RUEHBP/AMEMBASSY BAMAKO PRIORITY 0953  
RUEHMD/AMEMBASSY MADRID PRIORITY 9235  
RUEHNM/AMEMBASSY NIAMEY PRIORITY 1915  
RUEHNC/AMEMBASSY NOUAKCHOTT PRIORITY 6735  
RUEHFR/AMEMBASSY PARIS PRIORITY 3116  
RUEHRB/AMEMBASSY RABAT PRIORITY 2744  
RUEHTRO/AMEMBASSY TRIPOLI PRIORITY  
RUEHTU/AMEMBASSY TUNIS PRIORITY 7606  
RHMFISS/HQ USEUCOM VAHINGEN GE PRIORITY  
RUEHBS/USEU BRUSSELS PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 ALGIERS 000366

SIPDIS

DEPT FOR NEA/MAG AND NEA/PI

E.O. 12958: DECL: 04/13/2019

TAGS: [EAID](#) [PREL](#) [EU](#) [AG](#)

SUBJECT: CHALLENGES FACING FOREIGN ASSISTANCE IN ALGERIA

REF: 08 ALGIERS 1282

Classified By: Ambassador David D. Pearce for reasons 1.4 (b) and (d).

11. (C) SUMMARY: The foreign assistance environment in Algeria is significantly different than in neighboring lower income countries where governments actively seek an open and transparent donor aid process. Donors from different governments and multilateral agencies do not coordinate their activities in Algeria, which often leads to establishment of similar foreign-funded programs with overlapping scopes of work. In a recent effort to increase transparency among donors, the European Commission (EC) and United Nations Development Program (UNDP) have hosted meetings to launch an informal forum for donors to coordinate programming. Some donors are insistent that the GOA be heavily involved in the process, which could in fact lead to the working group's failure. EC officials highlighted bureaucratic, political, and logistical difficulties that have prevented them from administering nearly half of their aid. END SUMMARY.

WE WANT YOUR EXPERTS, NOT YOUR OPINION  
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12. (C) Resource-rich Algeria presents one of the strangest foreign assistance environments in Africa. While Algeria has some of the same development needs as many countries in the region, it has the monetary resources to fund such programs itself, assuming it had the technical capacity to do so. As a result most Western countries, with the notable exceptions of France, Spain, and Germany, do not have representatives of their national development agencies in their embassies. As with our Embassy, most other diplomatic missions focus their foreign aid on technical assistance and capacity-building programs that are run by political and economic officers. Complicating the situation further, the civil war of the 1990s led to a complete halt in foreign assistance work, creating an environment in which many of these officers have had to set up programs without the benefit of longstanding relationships with GOA officials, knowledgeable local staff or institutional memory.

13. (C) The Algerian government is keenly aware of the many areas, such as health and education, where foreign donors could usefully provide assistance. Unfortunately, the country's highly suspicious and cumbersome bureaucracy, combined with archaic Soviet ideals of self-sufficiency and reliance on Algerian rather than foreign expertise, makes it difficult for projects to gain approval. For example, one of the Embassy's most successful recent MEPI programs was an

interactive math program for elementary school children. The project took nearly a year to get approved by the Ministry of National Education and was further delayed by protests by the GOA that the design of the software was contracted out to a Jordanian company (the expertise to develop the software does not exist domestically). Despite the program being hugely popular with students and teachers in pilot schools, it is unclear if it will become self-sustaining as the GOA has yet to make good on its promise to purchase the inexpensive software license to implement it across the country.

#### NO SHORTAGE OF DONORS

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14. (C) Given the assistance environment in Algeria, diplomats tasked with administering aid programs often operate in a vacuum of knowledge about what other donor countries are doing. Only anecdotally do we hear from GOA officials of programs by other donors that overlap or compete with USG programs. An EC delegation recently in Algeria to study the effectiveness of EU aid programs called for a meeting of donor countries to discuss possibilities for better coordination. During the meeting, we learned that both the aid the EC oversees itself and bilateral donor programs from EU member states target sectors similar to those where we focus U.S. assistance: counter-terrorism, education, economic reform, and civil society. The size of European assistance, however, dwarfs that of the U.S. USG programming in Algeria is approximately USD 5 million per year if regional and bilateral funds are compiled. The EC provided USD 67 million in 2008 alone, and certain member states had even larger

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bilateral programs, such as France with USD 225 million and Spain with USD 98 million. Although frequent touting of their importance by the GOA, foreign assistance from other Arab countries totalled just USD 15 million USD in 2008, according to the OECD.

15. (C) While aid from the European Union appears robust, officials from Brussels admitted that they experience many of the same frustrations as we do in executing assistance. As their assistance has grown rapidly through EU "neighbor" programs and funds, the GOA has not displayed the capacity to absorb the increased funding. Peter Frisch, the EC Desk Officer for Algeria, stated that of the USD 67 million allocated last year, project officers on the ground were only able to implement around USD 20 million. In an effort to improve the obligation of funds, the EC wants the GOA to identify sectors in which it can provide direct budgetary support for government programs. While certain GOA programs could unquestionably do with more funding, this move seems odd in a country with almost no debt and 140 billion USD in foreign reserves. Despite the overarching question of whether the GOA wants the funding with the spending constraints and oversight that accompany it, there is also a concern that such a move by the EC counteracts the reforms and strengthening of civil society we are trying to promote.

#### THROUGH THE GOA OR AROUND IT

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16. (C) The EC's experience with small grants for civil society highlight this problem well. After establishing a small grants program directly administered by EC officials in Algiers a few years ago, they encountered difficulties in identifying NGOs and associations with the capacity to receive donor funds directly. To overcome this, the EC partnered with the Ministry of National Solidarity and now channels all of its small grants funding through it. Several of our contacts have noted that this process favors the older, more established NGOs that GOA officials view as benign, rather than helping to nurture nascent groups. A prominent member of civil society in Tlemcen summed up the effect of this program by stating, "The EU has killed civil society in Algeria" (reftel).

17. (C) Officials from the EC expressed their desire for better collaboration with representatives from non-EU donor countries to prevent programming overlaps. We are currently participating in an exercise to enter information about our assistance into a country matrix that all donors are being asked to submit. At the same time, as UNDP works to expand its programming after a halt in activities following the December 2007 bombing of the UN office in Algiers, the UNDP resrep has proposed that his organization host sectoral meetings for all donors to improve collaboration. At the first such meeting last week, there was a meaningful exchange about what different countries are doing to support the National Assembly. The process risks derailment, however, as some embassies expressed concern that UNDP's coordination of such meetings has not been explicitly approved by the GOA.

18. (C) Whether the donor community succeeds in establishing a formal system of collaboration or not, the efforts of the EC and UNDP in recent weeks have allowed us to make contacts with program officers from other embassies and informal information sharing on projects in different sectors has already begun. The experience of the EC and EU member states supports the way our Embassy has been growing our assistance program: steadily, targeting specific problems and results, and supporting new organizations to help nascent associations create a more robust and diverse civil society. Combining the experiences of other donors with our own shows that programming in Algeria requires significant oversight, local presence and daily management, thus the most successful programs tend to be those that are administered by a local representative of an aid agency or other implementer. A large part of how to proceed in the wake of President Bouteflika's April 9 reelection will depend on whether Algeria wants to continue to be seen as a an aid recipient instead of a donor, given its status as one of the wealthiest countries in Africa and a self-proclaimed leader in the region.

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PEARCE